

EASTLEIGH BOROUGH
HOUSING NEEDS SURVEY
UPDATE
2004

report by
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1 INTRODUCTION

1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and the Good Practice Guidance for Local Housing Needs Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and Local Plan policies for affordable housing provision.

1.2 The 2002 Study

1.2.1 DCA conducted a wide ranging needs assessment study in Eastleigh between July 2002 to April 2003. This study examined housing requirements in both market and social sectors.

1.3 2001 Census

1.3.1 The 2001 Census results were not available during the 2002 study therefore we have looked at the tenure balance of the 2002 data against Census figures and re-weighted the data in accordance with 2004 household numbers and Census Data. A copy of the weighting carried out in this survey is provided with the survey data tables.

1.4 The Update Study Objectives

1.4.1 The objectives of this update study were to re-analyse:-

- ◆ the change in the housing market locally to provide current house prices and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- ◆ the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- ◆ the short, medium and longer term population forecasts for the Borough;
- ◆ prepare a report to provide an affordable need forecast to 2007;
- ◆ inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

1.5 Definitions

1.5.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need. Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's view on suitability of current housing and preferences for moving or modification.

1.5.2 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-

Affordable housing is that provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes.

- 1.5.3 The types of affordable housing which comply with our definition are as follows:-
- ◆ *Units for rent, the major requirement;*
 - ◆ *shared ownership with grant;*
 - ◆ *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
 - ◆ *discounted market rented housing.*
- 1.5.4 The issue of affordability is central to our approach. Within the project, we capture a range of data on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. We also examine secondary data on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

1.6 Methodology

- 1.6.1 The study consisted of the following elements:-
- i. analysis of the existing base of primary data gathered in 2002 which gathered information on housing needs to 2005 and is still currently valid;
 - ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
 - iii. Secondary data analysis drawing upon HIP and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.
- 1.6.2 As a database the achieved sample of 4,306 in the 2002 Survey is good and more than three times over the 1,250 minimum level recommended in the ODPM Good Practice Guidance and double the 2,000 sample level which it suggests is a scale not worth exceeding as it creates only a marginal benefit. This is true at Borough level but the 2002 Survey was commissioned to achieve robust samples in each of the 19 wards which it did with a 37% response rate.

2 THE EASTLEIGH HOUSING MARKET

2.1 Introduction

- 2.1.1 This report was commissioned by Eastleigh Borough Council to provide an update on house prices in the Borough. It has been conducted on the same sub-area structure to that in the 2002 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across Eastleigh:-
- ◆ from the Halifax, as the largest mortgage lender, analysing lending in the Region;
 - ◆ from the Land Registry, providing data on all sales in the area for the past year;
 - ◆ Estate Agents survey to assess access prices for new households in each sub-area.
- 2.1.3 The records include house price information by categories of dwellings, also included in the analysis is information about the volumes of sales of each type of dwelling.
- 2.1.4 As explained in 2.1.2 above, these indices are not absolutely comparable. The Land Registry increase levels tend to be lower because they include cash transactions but they are less reliable on a quarterly basis because they only calculate actual transactions and the figures are affected by changes in the mix of properties between the current and previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not of course include lower price cash transactions.
- 2.1.5 This information sets the context for the key issue of the affordability of housing in the area, and in particular we can relate the analysis to the problems of low income evaluated through the household postal survey.

2.2 National Picture

- 2.2.1 House price inflation in the second quarter of 2004 accelerated in most regions with an overall increase of 5.9%, above the 5.1% gain in the first quarter of 2004. However, this still remains well below the peak record in 1988 (34%). The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand in recent months and this trend should continue throughout the rest of the year.
- 2.2.2 UK house price inflation for the year ending 30th June 2004 was recorded by Halifax Index at 21.5% and by the Land Registry at 17.9%.

2.3 Regional Picture

Table 2-1 House Price Inflation

	Increase over year to 30 th June 2004 %	Increase over quarter to 30 th June 2004 %
Hampshire	8.3	0.3
South East	12.2	3.2

- 2.3.1 The annual rate of house price inflation recorded in the Halifax Index for the South East Region at 31st March 2004 was 12.2%, significantly below the UK average of 21.5%.
- 2.3.2 In the South East Region house prices show an increase of 3.2% during the second quarter of 2004 compared to 5.9% nationally.
- 2.3.3 House prices calculated by the Land Registry in South East rose over the last year by 8.3%.
- 2.3.4 The Regional Market is shown in Table 2-2 below, which details the prices paid for the main categories of house types for the whole of the South East Region with comparisons of both sources of house price index data and for Hampshire.

Table 2-2 Average Region & County House Prices - All Buyers 2004

Property Type	SOUTH EAST REGION		HAMPSHIRE	
	Land Registry Average Price	Halifax Average Price	Land Registry Average Price	% of sales
Terraced	166,583	182,787	161,445	28.2
Semi-detached	201,541	222,429	197,286	24.8
Detached	339,824	400,728	311,831	30.5
Bungalows	*	235,713	*	*
Flats & maisonettes	140,987	146,296	146,684	16.5
All properties	213,828	244,042	213,768	100.0

Source: *Halifax House Price Index, 2nd Quarter 2004.*
Land Registry Residential Property Price Report, 1st Quarter 2004.
 * Land Registry figures do not identify bungalows separately.

- 2.3.5 The Halifax data is based on actual sales of mortgaged properties and the information is a real indication of actual prices prevailing in the purchases being made in the South East region. The Land Registry data incorporates all sales transactions in the Region and more specifically at County and Borough level.
- 2.3.6 Prices vary between the different data sources and it is normal for the Land Registry figures to be lower in all cases given that these figures include non-mortgaged sales.

2.4 The Housing Market

2.4.1 The table below examines average house prices for the Borough recorded by the Land Registry against house prices and also the volume of sales for Eastleigh in 2004 and 2002.

Table 2-3 Average House Prices and Sales for the Borough - All Buyers 2004

Property Type	EASTLEIGH BOROUGH			
	2004		2002	Increase 2002 / 2004 %
	Land Registry Average Price	Land Registry % of sales by Borough	Land Registry Average Price	
Terraced	162,084	27.8	127,145	27.5
Semi-detached	195,649	25.2	149,486	30.9
Detached	286,407	29.5	244,144	17.3
Flats & maisonettes	136,020	17.5	104,362	30.3
All properties	202,653	100.0	167,385	21.1

Source: Land Registry Residential Property Price Report, 2nd Quarter 2004 / 3rd Quarter 2002

2.4.2 Whilst the overall house price increase in the Borough is 21.1% over the last two years, the price of terraced houses and flats / maisonettes - access level stock, have increased by 27.5% and 30.3% respectively. Prices of flats have increased by 10.9% and terraced houses by 10.3% in the last year to June 2004.

2.4.3 The largest volume of sales in the Borough were for detached houses (29.5%) selling at an average price of £286,407. Terraced houses average £162,084 and are 27.8% of sales. Semi-detached houses average £195,649 and are 25.2% of sales. Flats / maisonettes sell at an average price of £136,020 and account for 17.5% of sales. Due to the lower average price and volume of sales of flats / maisonettes, these are assessed to be the main access property for first time buyers.

2.4.4 The sales levels of terraced houses and flat / maisonette properties in 2004, 27.8% and 17.5% respectively are similar to 2002 levels (27.6% and 15.6% respectively).

2.5 Access Sales Levels in the Borough

2.5.1 Access to the market is clearly dependent on availability, a factor, which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.

2.5.2 First-time buyers as new entrants to the housing market do not purchase houses at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to access local markets.

- 2.5.3 In broad terms new purchases of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. We have therefore made the only comparison available from Land Registry data which is at Borough-wide level. In Eastleigh this is £138,500, 46.3% lower than the average of £202,653 in Table 2-3.
- 2.5.4 DCA have also undertaken a survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale in each of the four sub-areas. Due to the lack of supply available in the current housing market, some samples are small and therefore should not be taken as an average.

Table 2-4 Access Sales Levels in the Eastleigh Borough – August 2004 (£)

Property Type	Chandlers Ford	Eastleigh	Bishop Stoke / Fair Oak / Horton Heath	Hedge End / West End / Botley	Bursledon / Hamble / Hound	Borough-wide
1-Bed Flat	92,500	103,950	107,475	98,285	154,950 *	111,430
2-Bed Flat	139,225	132,450	144,725	114,650	166,475 *	139,505
2-Bed Terraced	142,625	148,975	158,725	144,450	143,485	147,650

Source: DCA House Price Survey August 2004

*relate to a small sample

- 2.5.5 Although the average price of flats / maisonettes according to the Land Registry survey is £136,020, access sales levels vary across the Borough with the lowest prices for a 1-bed property starting at around £92,500 in Chandlers Ford, £107,475 in Bishop Stoke / Fair Oak / Horton Heath, rising to £154,950 in Bursledon / Hamble / Hound as can be seen in Table 2-4 above. 2-bed flats can be purchased at £114,650 in Hedge End / West End / Botley, rising to £166,475 in Bursledon / Hamble / Hound.
- 2.5.6 Terraced properties can be purchased at £142,625 for a 2-bed property in Chandlers Ford, rising to £158,725 in Bishopstoke / Fair Oak / Horton Heath.

2.6 Private Sector Rent Levels

- 2.6.1 We offer below a few comments on the private rented sector but must stress that the evidence available is largely empirical. We conducted a survey of the private sector rental market with some of the main private renting agencies operating in the Borough.
- 2.6.2 From the estate agency sources approached, we set out below the prevailing private sector rent levels.

Table 2-5 Average and Access Rent Levels in the Eastleigh Borough (£/month) – August 2004

Property Type	Chandlers Ford		Eastleigh		Bishopstoke / Fair Oak / Horton Heath		Hedge End / West End / Botley	
	Average	Access	Average	Access	Average	Access	Average	Access
1-Bed Flat	473	360	501	400	482	450	537	525
2-Bed Flat	606	500	617	500	538	450	592	545
2-Bed Terraced	625	600	610	550	625	600	621	575
3-Bed Terraced	694	650	752	625	680	650	635	595
2-Bed Semi-detached	675	650	700	650	625	600	638	625
3-Bed Semi-detached	740	695	750	700	736	675	713	700

Property Type	Bursledon / Hamble / Hound		Borough-wide	
	Average	Access	Average	Access
1-Bed Flat	506	450	500	435
2-Bed Flat	608	500	592	500
2-Bed Terraced	643	595	625	585
3-Bed Terraced	675	650	687	635
2-Bed Semi-detached	650	600	658	625
3-Bed Semi-detached	688	675	725	690

Source: DCA House Price Survey June 2004

- 2.6.3 Access rental costs in the private rented sector vary significantly by location within the Borough. The private rented sector can be accessed at £360 a month in Chandlers Ford, £400 in Eastleigh and £525 in Hedge End / West End / Botley (see Table 2-5 above) for a one bedroom flat, the smallest unit. For a 2-bed flat, rents range from £450 per month in Bishopstoke / Fair Oak and Horton Heath rising to £545 in Hedge End / West End / Botley.
- 2.6.4 In the case of 2-bed terraced houses, we found that the access rent levels were £550 p.m. in Eastleigh, rising to £600 in Chandlers Ford and Bishopstoke / Fair Oak / Horton Heath. 3-bed terraced houses can be accessed at £595 in Hedge End / West End / Botley, rising to £650 in Chandlers Ford, Bishopstoke / Fair Oak / Horton Heath and Bursledon / Hamble / Hound. Semi-detached properties can be rented from £600 (for a 2-bed property), to a maximum of £700 (for a 3 bed property).
- 2.6.5 There is evidence to suggest that landlords would not accommodate Housing Benefit / Income Support cases, however the decision does rest with the individual landlord concerned.
- 2.6.6 A range of property types are available in the sector as a whole and are found in a variety of locations within the Borough. It would appear that the difference in rent level between furnished and unfurnished property is marginal with respondents indicating they do charge only slightly more for furnished accommodation. Many agencies do not deal with furnished property due to the fire regulations involved.

2.7 Conclusions

- 2.7.1 The annual rate of house price inflation recorded in the Halifax Index for the South East Region at 30th March 2004 was 12.2%, significantly below the UK average of 21.5%.
- 2.7.2 The Land Registry data for average price for all dwellings in Borough during the year was £202,653.
- 2.7.3 The largest volume of sales in the Borough were for detached houses (29.5%) selling at an average price of £286,407. Terraced houses average £162,084 and are 27.8% of sales. Semi-detached houses average £195,649 and are 25.2% of sales. Flats / maisonettes sell at an average price of £136,020 and account for 17.5% of sales. Due to the lower average price and volume of sales of flats / maisonettes, these are assessed to be the main access property for first time buyers.
- 2.7.4 The increase in the price of terraced houses (27.5%) and flats / maisonettes (30.3%) is significantly in excess of wage inflation in the period since September 2002. Incomes in the Region are assessed independently to have increased by 6% for the year to April 2003 and we feel it is reasonable to conclude that there was a similar increase in 2003 / 2004.
- 2.7.5 An income of around £29,300 is needed to buy a one bedroom flat in Chandlers Ford and a two bedroom flat in Hedge End / West end / Botley would require an income of £36,300. These are the cheapest locations in the Borough.
- 2.7.6 Similar cost variation applies in the private rented sector across the Eastleigh Borough. Based on rent at 30% of net income a one bed flat in Chandlers Ford requires £17,300 per annum and £25,200 in Hedge End / West End / Botley. A 2-bed flat requires an income of £21,600 in Bishopstoke / Fair Oak / Horton Heath rising to £26,200 in Hedge End / West End / Botley. To rent a 2-bed terraced house would require an annual income of £26,400 in Eastleigh rising to £28,800 in Chandlers Ford and Bishopstoke / Fair Oak / Horton Heath.
- 2.7.7 Mortgage interest rates this year have been at their lowest level for over 45 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2004 would make access to market housing more difficult to achieve and would impact on households with marginal incomes significantly.
- 2.7.8 The house price / income relationship has worsened over the last two years and access to market housing has therefore become more difficult for new households than it was in 2002.

3 HOUSING COSTS AND INCOME

3.1 Introduction

3.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and households income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 2 and the change in incomes from the previous survey in 2002 utilising national secondary data.

3.2 Purchase Income Thresholds

3.2.1 The cheapest access prices of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio. Table 3-1 below outlines the income ranges needed to enter the market in the main settlements in Eastleigh Borough.

Table 3-1 Purchase Income Thresholds 2004

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Chandlers Ford	29,300	44,100	45,200
Eastleigh	32,900	41,900	47,200
Bishopstoke / Fair Oak / Horton Heath	34,000	45,800	50,300
Hedge End / West End / Botley	31,100	36,300	45,700
Bursledon / Hamble / Hound	49,100	52,700	45,400

* Relates to property type not property size.

3.2.2 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation and the change from September 2002 to June 2004 is shown below in Table 3-2.

Table 3-2 Average Income Requirements 2002 – 2004 (£)

Property Type	2002 (£)	2004 (£)	Increase %
Terraced	40,300	51,300	27.3
Flats	33,000	43,100	30.6

2002 prices relate to DCA estate agent survey, 3rd Quarter 2002
2004 prices relate to DCA estate agent survey, 2nd Quarter 2004

3.2.3 Table 3-2 above shows that the Borough-wide level incomes at which the Housing Market can be accessed have increased since 2002. The income needed to access terraced properties has increased to £51,300 (27.3%), and access to flats / maisonettes requires an income of £43,100 compared to £33,000 in 2002, an increase of 30.6%.

3.3 Secondary Research – Purchase Incomes

- 3.3.1 The Joseph Rowntree Foundation published the results of a study undertaken across the Country examining the ability of working households, both existing and new forming, to become homeowners. The study entitled ‘*Can Work – Can’t Buy*’ conducted by Professor Steve Wilcox uses the Halifax database for House Prices of the lowest quartile prices for 4/5 room dwellings and calculates affordability ratios based on working household incomes from the New Earnings Survey.
- 3.3.2 Table 3-3 highlights the data and house price to income ratio for Eastleigh Borough and the South East Region

Table 3-3 Purchase Income Thresholds

Area	Working Households		
	2002 Prices £	Income £	Ratio
Eastleigh	141,868	35,978	3.94
South East	152,555	38,478	3.96

Source: Joseph Rowntree Foundation 2002

- 3.3.3 Additionally the house price to income ratios across the 13 Hampshire authorities range from 3.46 to 4.72, with Eastleigh at 3.94 significantly higher than mortgage income multipliers of 3 times.

3.4 Rental Income Thresholds

- 3.4.1 The cheapest rental prices of the smallest units have been assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 3-4 below shows the income levels needed to access the private rented market in the Borough.

Table 3-4 Rental Income Thresholds 2004

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Chandlers Ford	17,300	24,000	28,800
Eastleigh	19,200	24,000	26,400
Bishopstoke / Fair Oak / Horton Heath	21,600	21,600	28,800
Hedge End / West End / Botley	25,200	26,200	27,600
Bursledon / Hamble / Hound	21,600	24,000	28,600

DCA Estate Agents Survey July 2004

- 3.4.2 The income thresholds for each property type are in a relatively narrow band across the Borough. Comparison to 2002 shows that rental income requirements for a 2 bed flat in Eastleigh and Chandlers Ford have risen by between £1,200 to £2,400 per annum.

3.5 New Earnings Survey

- 3.5.1 Income data is always difficult to gather at local level. Most data is regionally based and we have used the Labour Market New Earnings Survey 2003 prepared by the Office for National Statistics. This provides data at County and Borough-wide level however, the Local Authority of Eastleigh has not been included in the 2002 New Earnings Survey. We have therefore used the increase in income between 2003 and 2001 which will then be averaged from a 2 year increase to a 1 year increase. This shows an increase of 11.9% in Eastleigh since 2001.
- 3.5.2 The New Earnings Survey 2003 shows an average income of £23,210 for Eastleigh, an 11.9% increase on the 2001 figure of £20,735. As incomes have increased by 11.9% between 2001 and 2003 an increase of 6% has been applied between 2002 and 2003.
- 3.5.3 It is particularly important to examine the distribution of income rather than the average figure especially in relation to the proportion of households with the capacity to access the private sector market for rent or sale.
- 3.5.4 There is a wide distribution of earnings as detailed below

Table 3-5 Distribution of Earnings – Eastleigh

Income (per week / per annum)	%	Cum %
Up to £230.1 / £11,965	10.0	10.0
£230.1 to £250 / £11,966 to £13,000	5.7	15.7
£251 to £350 / £13,001 to £18,200	26.6	42.3
£351 to £460 / £18,201 to £23,920	23.6	65.9
£461 to £681.5 / £23,921 to £35,440	24.1	90.0
More than £681.5 / £35,440	10.0	100.0

Source: New Earnings Survey 2003

- 3.5.5 Analysis shows that:-
- the bottom 10% earn below £11,965
 - 15.7% earn under £13,000
 - 42.3% earn under £18,200
 - 65.9% earn under £23,920
 - 90% earn under £35,440
 - the top 10% earn over £35,440
- 3.5.6 The New Earnings Survey data on the spread of incomes, important in any Borough with diverse house prices and markets, shows that for Eastleigh at April 2003, 65.9% of households earned less than £23,920, 42.3% less than £18,200, 15.7% less than £13,000 and 10% below £11,965 per annum.
- 3.5.7 The increases in house prices over the last two years have excluded a large proportion of 'first-time buyers' from the owner occupied market. We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised low cost market housing than would have been the case two years ago when it was a more marginal element of affordable need.

- 3.5.8 This assessment utilises all of the data from the 2002 survey of 4,306 households which incorporated income data from 3,230 households. This compares with a sample of 267 in the New Earnings Survey for Eastleigh Borough.
- 3.5.9 Access to the market has been based in the updated house price information detailed in Section 2. We have also undertaken an update analysis of the income levels of local households to be able to assess the proportion of people now able to access market housing.
- 3.5.10 As the incomes between 2002 and 2003 have increased by 6%, as highlighted by the New Earnings Survey, an increase of 12% has been applied to both existing and concealed household incomes to cover the period June 2002 to April 2004.
- 3.5.11 The model utilises all of the data from the 2002 survey of 3,230 households. Table 3-6 and Table 3-7 highlight the revised incomes of existing and concealed households taken from the 2002 survey, with the increase of 12% applied to these incomes in order to determine the proportion of people now able to access market housing.

Table 3-6 Incomes of Existing Households 2002 & 2004

Annual Income 2002		Annual Income 2004		%
Below	£10,000	Below	£11,200	14.9
£10,001 - £20,000		£11,201 - £22,400		23.5
£20,001 - £30,000		£22,401 - £33,600		21.0
£30,001 - £40,000		£33,601 - £44,800		15.1
£40,001 - £50,000		£44,801 - £56,000		10.9
£50,001 - £60,000		£56,001 - £67,200		5.8
£60,001 - £75,000		£67,201 - £84,000		4.7
£75,001 - £100,000		£84,001 - £112,000		2.6
Above	£100,000	Above	£112,000	1.5
Total				100.0

N.B Incomes for 2002 have been updated by 12% inflation over 2 years

Table 3-7 Incomes of Concealed Households 2002 & 2004

Annual Income 2002		Annual Income 2004		%
Below	£10,000	Below	£11,200	22.8
£10,001 - £15,000		£11,201 - £16,800		28.2
£15,001 - £17,500		£16,801 - £19,600		10.9
£17,501 - £20,000		£19,601 - £22,400		12.2
£20,001 - £22,500		£22,401 - £25,200		7.7
£22,501 - £25,000		£25,201 - £28,000		5.3
£25,001 - £27,500		£28,001 - £30,800		3.7
£27,501 - £30,000		£30,801 - £33,600		3.6
£30,001 - £35,000		£33,601 - £39,200		3.4
£35,001 - £40,000		£39,201 - £44,800		0.4
Above	£40,000	Above	£44,800	1.8
Total				100.0

N.B Incomes for 2002 have been updated by 12% inflation over 2 years

3.5.12 Table 3-8 below outlines the incomes needed by concealed households to access the market through owner occupation, and the percentage of concealed households within the Borough that are able to purchase. The figures below are the range of incomes needed between the cheapest and most expensive areas of the Borough.

Table 3-8 Concealed Households – Incomes Needed to Access the Market Through Owner Occupation and % Unable to Access

	(£) income needed	% of concealed households unable to purchase
Flats	29,300 / 52,700	88.7 – 100.0
Terraced	45,200 / 50,300	100.0 – 100.0

3.5.13 Using the income requirements outlined in Table 3-1 and Table 3-8 above shows that 88.7% of concealed households cannot access a 1-bed flat in Chandlers Ford and all concealed households cannot access a 2-bed flat in the Bursledon / Hamble / Hound. Ability to purchase more expensive terraced houses is also limited. In Chandlers Ford no concealed households can afford to buy, this remains at 100% of concealed households in the Bishopstoke / Fair Oak / Horton Heath.

3.5.14 Table 3-9 below outlines the incomes needed by concealed households to access the market through private rented accommodation.

Table 3-9 Concealed Households – Incomes Needed to Access the Private Rented Market and % Unable to Access

	(£) income needed	% of concealed households unable to rent
Flats	17,300 – 26,200	53.0 – 83.7
Terraces	26,400 – 28,800	84.1 – 88.2

3.5.15 Using the income requirements outlined in Table 3-4 and Table 3-9 above shows that 53% of concealed households in Chandlers Ford cannot rent a 1-bed flat and 83.7% cannot rent a 2-bed flat in Hedge End / West End / Botley. Ability to rent terraced houses is more limited. In Eastleigh 84.1% cannot afford to rent, rising to 88.2% in the Chandlers Ford and Bishopstoke / Fair Oak / Horton Heath.

3.6 Summary

- 3.6.1 An income of around £29,300 is needed to buy a one bedroom flat in Chandlers Ford, rising to £49,100 in Bursledon / Hamble / Hound. A two bedroom flat requires an income of £36,300 in Hedge End / West End / Botley, rising to £52,700 in Bursledon / Hamble / Hound. On average the incomes needed to access flats and terraced properties have increased by 31% and 27% respectively over the last two years.
- 3.6.2 Similar cost variation applies in the private rented sector across the Eastleigh Borough. Based on rent at 25% of gross income a one bed flat in Chandlers Ford requires £17,300 per annum rising to £25,200 in Hedge End / West End / Botley. A 2-bed flat requires an income of £21,600 in Bishopstoke / Fair Oake / Horton Heath rising to £26,200 in Hedge End / West End / Botley. To rent a 2-bed terraced house would require an annual income of £26,400 in Eastleigh, rising to £28,800 Chandlers Ford and Bishopstoke / Fair Oak / Horton Heath.
- 3.6.3 The Labour Market New Earnings Survey 2003 shows an average income of £23,210 for the Borough, an 11.9% increase on the 2001 figure of £20,735. As incomes have increased by 11.9% between 2001 and 2003 an increase of 6% has been applied between 2002 and 2003.
- 3.6.4 The New Earnings Survey data on the spread of incomes, important in any Borough with diverse house prices and markets, shows that for Eastleigh Borough, at April 2003, 65.9% of households earned less than £23,920, 42.3% less than £18,200, 15.7% less than £13,000 and 10% below £11,965.
- 3.6.5 The implication of incomes having risen by 12% since 2002 directly impacts concealed household's ability to access the market through owner occupation. Updating the incomes of concealed households from the 2002 survey; shows that 88.7% of concealed households cannot access a 1-bed flat in Chandlers Ford and all concealed households cannot access a 2-bed flat in the Bursledon / Hamble / Hound. No concealed households can afford to buy a terraced property in the Borough.
- 3.6.6 A similar pattern is found when looking at concealed household's ability to access the market through private rented accommodation. 53% of concealed households cannot rent a 1-bed flat in Chandlers Ford and 83.7% cannot rent a 2-bed flat in Hedge End / West End / Botley. Ability to rent terraced houses is also limited, 84.1% of concealed households cannot afford to rent in Eastleigh, with this rising to 88.2% in Chandlers Ford and Bishopstoke / Fair Oak / Horton Heath.

4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

4.1 Introduction

- 4.1.1 In this section of the report we provide a short background commentary to the demographic element in housing demand in Eastleigh Borough. The purpose is two-fold. First, to provide a context in which the results of the postal questionnaire can be interpreted. Secondly, to give a more specific focus on the demand for affordable housing provision and to make projections for five and ten year periods.
- 4.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-
- ◆ simple estimates such as those provided by the ODPM, which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
 - ◆ a second approach by the Audit Commission measured household growth minus expected private sector output;
 - ◆ Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
 - ◆ Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.
- 4.1.3 Kleinman and Whitehead have devised a so-called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.
- 4.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.
- 4.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.
- 4.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings. We are mindful that because our study is targeted at the Borough there are inevitable limitations because local housing markets encompass much wider areas than a single Council area.

4.2 Demographic Analysis

- 4.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in Eastleigh Borough particularly the changes in:-
- ◆ the age distribution of the population arising from births, deaths and ageing of the indigenous population;
 - ◆ family units such as marriage, divorce and child bearing patterns;
 - ◆ the number and composition of households arising from migration, particularly due to employment opportunities in the area;
 - ◆ the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.
- 4.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).
- 4.2.3 The general demographic forecasts in the tables in this section have been provided by Hampshire County Council and are provisional based on the Chelmer Population projections May 2004. The 2001 Census data has been taken into consideration in the production of these projections.
- 4.2.4 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes disaggregated for 5 year intervals from 2001– 2026.

4.3 Population Projections

- 4.3.1 The projections in Table 4-1 are based on the predictions made by Hampshire County Council (2001-based). These figures are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for the Borough for the period 2001 -2026 provided by Hampshire County Council.

Table 4-1 Population Change in Eastleigh Borough, 2001 - 2026

	2001	2006	2011	2016	2021	2026	Change
Total Population	116,173	116,202	118,839	120,990	123,264	126,125	
Change		+29	+2,637	+2,151	+2,274	+2,861	+9,952
% Change		+0.02	+2.3	+1.8	+1.9	+2.3	+8.6

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- 4.3.2 The table shows an increase in the population of the Borough of about 9,952 over the forecast period. A steady increase is seen across the forecast period, with the main increase occurring between 2021 and 2026 (2,861; 2.3%).

4.4 Age Structure Forecast 2001 - 2026

4.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications. Table 4-2 is based on the net migration model and for this purpose best represents the position.

Table 4-2 Population Age Band Forecast, Eastleigh Borough, 2001 - 2026

	2001	2006	2011	2016	2021	2026	Change
0 - 19	29,982	28,225	26,830	25,883	25,826	26,402	-3,580
20 - 29	13,032	13,385	15,061	15,470	14,834	14,171	+1,139
30 - 44	27,208	26,260	25,173	24,706	25,400	26,691	-517
45 - 64	28,770	30,649	32,520	32,971	33,337	32,829	+4,059
65 +	17,181	17,683	19,255	21,960	23,867	26,032	+8,851
Total	116,173	116,202	118,834	120,990	123,264	126,125	+9,952
% Change		+0.02	+2.3	+1.8	+1.9	+2.3	+8.6

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Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.

4.4.2 As we show above there will be an average rise in the population of the Borough of approximately 0.3% per annum over the forecast period according to the forecast model. There is projected to be around 9,952 more people in the Borough in 2026 than in 2001.

4.4.3 The 0-19 age range shows a large decrease overall (3,580; 11.9%). A fall is seen up to 2021 (4,156; 13.9%) with a slight rise seen between 2021 and 2026 (576; 2.2%). The largest fall is seen between 2001 and 2006 (1,757; 5.9%).

4.4.4 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a rise (1,139; 8.7%). Numbers fluctuate throughout the forecast period with a large increase occurring between 2001 and 2011 of over 2,000 people.

4.4.5 The 30-44 age group, the main economically active group shows a fall overall (517; 1.9%). A fall is seen up to 2016 (2,502; 9.2%) with a rise seen for the remaining part of the forecast (1,985; 8.0%). The largest fall is seen between 2006 and 2011 (1,087; 4.1%).

4.4.6 The 45-64 age group shows an overall rise in numbers. Over the forecast period there is an increase of 4,059 people (14.1%). A rise is seen up to 2021 (4,567; 15.9%), with a fall seen for the remaining forecast period (508; 1.5%). The largest increase is seen between 2001 and 2006 (1,879; 6.5%).

4.4.7 The most significant feature here is the growth of the population in the over 65 age group. An increase of 8,851 individuals is seen over the forecast period (51.5%), the largest increase between 2021 and 2026 (2,165; 9.1%).

4.4.8 Numbers in the 80+ age group increase by 2,981 (67%) up to 2026. The greatest rise proportionately in percentage terms occurring between 2021 and 2026 (16.6%). Given the resource demands often associated with very elderly people, these are significant figures.

Table 4-3 Numbers of 80+ in Eastleigh Borough, 2001 - 2026

	2001	2006	2011	2016	2021	2026	Change
80+	4,452	4,930	5,345	5,728	6,377	7,433	
Change		+ 478	+ 415	+ 383	+ 649	+ 1,056	+ 2,981
% Change		+ 10.7	+ 8.4	+ 7.2	+ 11.3	+ 16.6	+ 67.0

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4.5 Forecast Change in Households 2001 - 2026

4.5.1 Table 4-4 outlines the household formation forecasts for the Borough in the 25-year period from 2001 to 2026. It is based on the statistics provided by Hampshire County Council, and we consider it the best available forecast on currently available data of household change in the Borough.

Table 4-4 Forecast Change in Households in Eastleigh Borough, 2001 - 2026

	2001	2006	2011	2016	2021	2026	Change
Households	47,161	49,107	51,826	54,476	57,128	59,776	
Household change		+ 1,946	+ 2,719	+ 2,650	+ 2,652	+ 2,648	+ 12,615
% change		+ 4.1	+ 5.5	+ 5.1	+ 4.9	+ 4.6	26.7

4.5.2 There have been significant changes in household formation over the last decade which result in much higher household numbers compared to population growth and average household size. There is a large increase in single person households through elderly people living longer, separation and divorce and young people forming single person households.

4.6 Summary

- ◆ The forecasts to 2026 are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for Eastleigh Borough for the period 2001 - 2026 provided by Hampshire County Council.
- ◆ The population is projected to increase by 9,952 people, 8.6% over the 25 years to 2026.
- ◆ The 0-19 age range shows a decrease overall (3,580; 11.9%). A fall is seen up to 2021 (4,156; 13.9%), with a slight rise seen for the remaining forecast period (576; 2.2%). The largest fall is seen between 2001 and 2006 (1,757; 5.9%).
- ◆ Numbers in the 20-29 age group are projected to increase significantly overall (1,139; 8.7%) but by over 2,000 between 2001 and 2011. As this age range comprises new households forming this will have implications for future affordable housing need both in the short and longer term.
- ◆ The 30-44 age group, the main economically active group, decreases in numbers, with 517 less individuals. The largest fall is projected to occur between 2006 and 2011 (1,087; 4.1%).
- ◆ The 45-64 age group shows an overall rise in numbers. Over the forecast period there is an increase of 4,059 people (14.1%). A rise is seen up to 2021 (4,567; 15.9%), with a fall seen for the remaining forecast period (508; 1.5%). The largest increase is projected to occur between 2001 and 2006 (1,879; 6.5%).
- ◆ The most significant feature here is the growth of the population in the over 65 age group, 8,851 individuals over the forecast period. The largest increase is projected to occur between 2021 and 2026 (2,165; 9.1%).
- ◆ The "older" retirement group, those 80 and over grows by 67%, 2,981 more people by 2026. This group represents 7,433 people in the area by 2026 who are much more likely to have care and support needs which should now be assessed in detail.
- ◆ The rate of growth in household formation is forecast to rise at over three times the rate of population increase, due to the growth in single person households through elderly people living longer, separation and divorce and young people forming single person households.

5 HOUSING NEEDS ASSESSMENT MODEL

- 5.1.1 When the 2002 Model was prepared it was impossible to provide absolutely accurate resident household data on the private sector at local level because data was not available from the 2001 Census for cross checking. The 1991 Census was eleven years old and the only known tenure data available was that for social stock. All other tenure figures were eleven years old. The survey data was weighted at sub-area level to be accurate for social tenure.
- 5.1.2 In undertaking this update we have therefore re-run the data file based on 2004 resident household numbers, using 2001 Census tenure proportions (adjusted by three years new dwellings) to draw key data used in the Model.
- 5.1.3 The 2002 tenure balance over represented owner occupiers with no mortgage, households who do not normally create affordable housing need and under-represented private sector tenants who might well have needs. The Census data however provides useful data on private tenants. They now represent 3,428 households (6.9%) but only 2,567 (5.1%) rent from a private landlord. A further 861 (1.7%) rent from an employer, relative or friend and 553 (1.1%) live rent free.
- 5.1.4 The total resident households in the 2004 Assessment are 49,863, 2,056 more than the 47,807 in 2002. The nature of the households in the tenure adjustment, fewer outright owner occupiers and more private tenants, has made only a marginal impact on key data. The number of concealed households is 17 per annum (716 – 735) fewer than assessed in 2002, a very marginal change as neither group tend to contain these important households.

Table 5-1 Tenure of Present Households
Question 1

Tenure	%	Group %	N ^{os} implied	Local Area Census 2001
HA rented	11.5	12.0	5,720	11.8
Shared ownership	0.5		271	0.5
Private rented	5.2	6.9	2,567	5.1
Other / tied to employment	1.7		861	1.8
Owner occupier - mortgage	51.1	81.1	25,506	50.8
Owner occupier - outright	30.0		14,938	30.0
Total	100.0	100.0	49,863	100.0

5.2 Affordable Housing Needs Requirement

- 5.2.1 In this section, we calculate the overall affordable housing needs requirement on an annual basis. The need requirement calculation is structured from the survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.
- 5.2.2 Each category has been adjusted to ensure that proper account is taken of households who can access the owner occupied market without assistance (income (£29,300 / £49,100) and to eliminate any double counting between categories. The Private Rent Sector costs significantly exceed those in social rent. These are estimated at an access cost of £360 / £525 per month for the vast majority of households in this sector, requiring an annual income of at least £17,300 / £26,200 per annum.
- 5.2.3 The model has been prepared in accordance with the ODPM Good Practice Guidance.

	The Backlog of existing housing need is as follows:-	
1.	Households living in unsuitable housing in Eastleigh who are planning to move in the next three years.	HNS
2.	Council / RSL tenant households living in unsuitable housing are excluded because a move would release a unit of affordable housing and it is therefore assumed that there would be no overall net effect.	HNS
3.	Households in unsuitable housing who can have their need resolved in situ, including private tenants.	HNS
4.	Proportion unable to buy (i.e. income < £29,300 / £52,700) or rent (ie income <£17,300 / £26,200) depending on location and need to move.	HNS 2004 update
5.	Priority homeless in temporary accommodation.	EBC
6.	Total Backlog need.	
7.	Quota to progressively eliminate backlog over a 5-year period (20%) as recommended in ODPM guidance.	ODPM Guidance
8.	Total net annual need.	
	Newly Arising Need is as follows:-	
9.	Concealed households identified in the survey, forming in the next year.	HNS
10.	Percentage of households forming with a partner living elsewhere in the Borough	HNS
11.	Percentage of households registered on Waiting List	HNS
12.	Proportion unable to buy (i.e. income < £29,300 / £49,100) or rent (ie income <£17,300 / £26,200)	HNS 2004 update
13.	Ex-institutional population moving into community p.a.	EBC
14.	Housing Register new applications 2003-2004 less cancellations from the register.	EBC
15.	In-migrant households over the last year who live in social housing.	HNS
16.	Total newly arising need.	
	Supply of Affordable Units is as follows:-	
17.	Existing social stock re-lets from RSL's and the local authority net of transfers.	EBC
18.	Increased vacancies and units taken out of management (demolition and Right To Buy).	EBC
19.	Future new supply each year based on average level over next three years.	EBC
20.	Total affordable supply per annum.	
21.	Total affordable need per annum.	
22.	Overall annual shortfall.	

5.3 Affordable Housing Needs Assessment Model

		2004	2002
1.	Households in unsuitable housing planning to move		2,135
2.	MINUS – RSL / tenants	386	877
3.	Cases where in-situ solution most appropriate	<u>731</u>	1,615
		1,117	<u>1,117</u>
			1,018
4.	TIMES - Proportion unable to afford to buy or rent	30%	305 (26%) 431
5.	PLUS - Backlog (non-households)		<u>54</u>
6.	TOTAL BACKLOG NEED		359
7.	TIMES - Quota to progressively reduce backlog	20%	(20%)
8.	ANNUAL NEED TO REDUCE BACKLOG		<u>72</u>
<u>Newly Arising Need:</u>			
9.	New household formation (gross p.a.)	716	735
10.	MINUS – Two person formation (37%) x 0.5	<u>134</u>	136
		582	
11.	MINUS - Households registered on waiting list (33%)	<u>192</u>	198
		390	
12.	TIMES - Proportion unable to buy (91%) or rent (63%) in market	63%	246
13.	PLUS - Ex-institutional population moving into community		40
14.	Existing households falling into priority need		502
15.	In-migrant households unable to afford market housing		<u>73</u>
16.	TOTAL NEWLY ARISING NEED		<u>861</u>
<u>Supply of Affordable Units:</u>			
17.	Supply of social re-lets p.a.		263
18.	MINUS - Increased vacancies (if applicable) units taken out of management. Right To Buy	(54 x 3.4%)	<u>2</u>
			261
19.	PLUS – Committed units of new supply (not able to predict accurately)		<u>0</u>
20.	AFFORDABLE SUPPLY		<u>261</u>
	Annual need to reduce backlog	72	95
	Newly arising need	<u>861</u>	847
21.	TOTAL AFFORDABLE NEED	933	933
	MINUS - Affordable supply		<u>261</u>
22.	OVERALL ANNUAL SHORTFALL		<u>672</u>

* Elimination over a five year period is recommended in the Guidance for model purposes but the Council can make a Policy decision to do so over a longer period.

5.4 Model Structure

5.4.1 The model we utilise is the Basic Assessment Model in the Good Practice Guidance although there are still a number of different ways of calculating backlog and newly emerging need. We have refined the basis of some of the calculations made in 2002 which very marginally reduce the backlog and more importantly in the light of increasing house prices calculate those able to enter the market only on a basis that they can access private rent irrespective of their views on this tenure either as need or preference. The table in 5.3 shows the current assessment alongside the figures for 2002.

5.4.2 Affordable Supply

5.4.3 The data from HIP returns for the three years to 31/3/2004 shows the following trends:-

Table 5-2 2002 to 2004 Affordable Supply

Supply	2002	2003	2004	Average
RSL Re-lets	268	250	272	263
Total	<u>268</u>	<u>250</u>	<u>272</u>	<u>263</u>
New Supply	62	84	212	119
Total Supply	<u>330</u>	<u>334</u>	<u>484</u>	<u>382</u>
Right to Buy	54	25	83*	54

*some 60 units of the total 83 are demolitions

5.4.4 However, the level of new supply is a key factor for an authority with 11.5% RSL stock, only around 60% of the average in England of 19.3%. New supply in 2003 / 04 was 212 units, nearly double the three year average of 119 units which have been 65 units more than the average level of Right to Buy / demolitions each year, resulting in a net increase in the affordable stock.

5.4.5 However new unit delivery is expected to reduce back from 212 in 2003 / 04 to 130 units in 2005 / 06 and because the level of new supply has varied so substantially only the average of re-lets has been used in the Model and reflects the critical impact of new unit delivery.

5.4.6 Waiting List

5.4.7 The calculation of existing households moving into priority need is achieved from the change in the number of these households in the waiting list. This however has been more complex as the Council has switched to 'Homechoice' during 2002 and also incorporated transfers within the list during that year to March 2003. Following detailed analysis and discussions with the Council, the following table represents the actual net position in determining the figure to be used in the assessment model at 14.

Table 5-3 Net Households in Need 2004

Waiting List at 1/4/04 (as per HIP Return)		4,446
Less Transfer households	857	
Households not assessed in need	<u>960</u>	<u>1,817</u>
Households in Need		2,629
Less net waiting list at 1/4/03		<u>2,000</u>
		629
Less Homeless Households	54	
In-migrant Households	<u>73</u>	<u>127</u>
Net households in need during 2004		<u>502</u>

5.5 Needs Assessment

- 5.5.1 The model is structured on a 'flows' basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this 'annualised' data will occur each year to 2011. The primary data gathering will of course be undertaken again before 2011, but unless there are major changes, up or down, in house prices and incomes it is unlikely that there will be much variation in the overall situation.
- 5.5.2 The total affordable housing need annually is for 933 units. Net re-lets of the existing social stock average 261 units based on the average of the last three years. Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 672 units a year.
- 5.5.3 It is important however to appreciate that the future programme of new units are an expectation and not yet reality. These units will come from new sites, conversions and market purchase by RSL's to reduce the shortfall figure each year. The level of new supply has varied significantly, ranging from 62 in 2002, to 212 in 2004 but forecast to reduce to 110 in 2006. Actual achieved new units will therefore need to be monitored annually to assess the success in meeting the scale of overall need identified.

6 KEY FINDINGS

6.1 The Housing Market, Costs and Incomes

- 6.1.1 The average house price inflation increase for Eastleigh over the last two years is 21.2%.
- 6.1.2 The access level stock, (terraced houses and flats / maisonettes) has increased by 27.5% and 30.3% respectively. Average house prices for terraced properties and flats / maisonettes have increased by 10.3% and 10.9% in the last 12 months to June 2004.
- 6.1.3 In terms of the lowest priced stock, flats / maisonettes and terraced houses are assessed to be the main access property for first time buyers, due to sales levels being around 45% all sales in the Borough and the average price for terraced properties at £162,084 and flats / maisonettes at £136,020.
- 6.1.4 The sales levels of terraced houses and flats / maisonettes in 2004, 27.8% and 17.5% respectively are similar to 2002 levels (27.6% and 15.6% respectively).
- 6.1.5 The increase in the price of terraced houses (27.5%) and flats / maisonettes (30.3%) is in excess of wage inflation in the two year period. Incomes in Eastleigh are assessed independently to have increased by 6% for the year, to April 2003 and it is reasonable to conclude that there was a similar increase in 2003 / 2004, still almost 16% below the level of the terraced house price increase.
- 6.1.6 The Rowntree Foundation Study examined the house price / income relationship for the lowest quartile properties at December 2002. The ratios across 13 Hampshire authorities range from 3.46 to 4.72 with Eastleigh at 3.94, significantly higher than mortgage income multipliers of 3 times.
- 6.1.7 Access to market housing has therefore become more difficult for new households than it was in 2002.

6.2 Population and Household Changes

- 6.2.1 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a rise (1,139; 8.7%). Numbers fluctuate throughout the forecast period with a large increase occurring between 2001 and 2011 of over 2,000 people. This will create an increasing level of need for affordable housing for the new forming households, the majority of whom are in this age group.
- 6.2.2 The rate of growth in household formation is forecast to rise at over three times the rate of population increase, due to the growth in single person households through elderly people living longer, separation and divorce and young people forming single person households.
- 6.2.3 A significant feature is the growth of the population in the over 65 age group to 2026. An increase of 8,851 individuals (+51%) is seen over the forecast period, the largest increase is seen between 2021 and 2026 (2,165; 9.1%).
- 6.2.4 The "older" retirement group, those 80 and over grows by 67%, 2,981 more people by 2026. This group represents 7,433 people in the area by 2026 who are much more likely to have care and support needs which should now be assessed in detail.

6.3 Affordable Housing Needs Requirement

- 6.3.1 Without new delivery the total annual outstanding need of 672 units is over six times the scale of delivery based on the last three years experience. Our significant experience of affordable subsidised housing in mixed developments leads us to recommend that target of new units negotiated should be increased to 40% of the total of all suitable sites. This proportion includes both affordable housing for rent and subsidised low cost market housing and targets may range higher or lower than this level on a site by site basis.
- 6.3.2 However in the light of the very low level of social stock at only 60% of the national average, and low re-let levels, the majority need is for rented accommodation. New unit delivery is over 31% of all lettings, a very high figure but vital to addressing the scale of affordable housing need in the Borough.
- 6.3.3 In view of the scale of need particularly in the period to 2006, subsidised affordable units should continue to be negotiated on all suitable sites.
- 6.3.4 Essentially planning should be providing for balanced communities, which acknowledge the need for social compatibility. The 30% and 28% increases in the price for flats and terraced houses over the last two years have excluded a large proportion of 'first-time buyers' from the owner occupied market.
- 6.3.5 We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised low cost market housing than would have been the case two years ago when it was a more marginal element of affordable need.
- 6.3.6 Additionally, lack of affordable housing is the reason for 790 households planning to leave Eastleigh Borough over the next five years. This number includes over 370 concealed households who have not been included in our assessment calculations. In the light of Government concerns on both sustainable communities and addressing the needs of key workers to maintain the South East Regional economy, this scale of out-migration because of lack of affordable housing is a matter for concern.